

## **POOR LEGIBILITY**

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INTER-OFFICE CORRESPONDENCE

SAN FRANCISCO

TO: Mr. J. W. Kettle

DATE: July 30, 1957

CC: Mr. R. W. Gender

FROM: L. F. Cummings

SUBJECT: Stauffer-Montrose  
Related Activities

At the start of operations of Montrose of California in 1946-1947, it was apparent there would be periodic charges arising from the activities of personnel of both stockholders and the use of equipment and other assets of the two parent companies. In the earlier years these problems in connection with both direct and allocated charges were solved by discussion and agreement as the matters were brought to the attention of managements.

While procedure did provide for changes and adjustments in a general way, it was decided a few years ago to systematize the matter to insure regular review of charges on a time-schedule basis. A survey of charges is now made annually with further provision for interim review of some items that are particularly sensitive to change. The writer had been conducting these surveys in recent years under your direction, and then in 1956 Mr. Retrosen of the New Jersey company participated in a joint survey.

The 1957 review has just been concluded with Mr. Retrosen and the writer covering most of the locations. The following pages of the report herewith contain the results of the survey. The report is made up as follows:

1. Summary and Recommendations
2. Contracts and Letter Agreements
3. Henderson Plant
4. Torrance Plant
5. Los Angeles Office
6. San Francisco Office
7. Newark Office

It was agreed with Mr. Retrosen today that as soon as the report has met the requirements and has the approval of managements of Stauffer and Montrose of New Jersey, we will distribute copies to those concerned with the operations. It is hoped that the final word from both parent companies can be sent to us soon so that we can put the revised charge patterns into effect possibly on July 1, 1957, which is the beginning of the new fiscal year of the subsidiary.

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**MONTROSE CHEMICAL CORPORATION OF CALIFORNIA**

Mr. L. V. Cummings  
Stauffer Chemical Company  
636 California Street  
San Francisco  
California

Dear Lloyd:

We have reviewed with Mr. Rothberg the report on the Stauffer and Montrose-New Jersey charges to Montrose-California and we are in agreement with you that charges put the new rates go into effect as of July 1, 1951.

Will you, accordingly, have Stauffer invoices for the July charges at these rates prepared and forwarded to Bill Smith.

I discussed with Jim Kettle the Montrose-New Jersey charge, and he is in agreement that this charge, \$60, shall take effect from July 1.

I have also discussed with both Jim Kettle and Martin Carlson the possible advantages of Montrose employing at Henderson one full-time employee of its own to perform the maintenance and janitorial services instead of having the third of the cost of the three people now in the staff department. We wish to study this further before making a decision; should we go ahead with this change, we can, at that time, adjust the Henderson monthly charge accordingly.

MONTROSE CHEMICAL CORPORATION  
OF CALIFORNIA

CC-1010 7-17-51

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*Thy*

*Report is accepted.*  
*Jun 16/57*

Dear Sam:

This report has been completed as you will find three copies enclosed. I expect to have final word from the 'tauffer people this week and it would, of course, be desirable to hear from you and Dr. Rothberg in due course.

various offices just as soon as we have the approvals through arrangements. You will note recommendation has been made for the new charges to be made effective July 1, 1957, and if there is early action on the reports, we can probably make the changes before July records are closed.

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## 1. Summary and Recommendations

The lease at Henderson, Nevada covers 9.86 acres and the products of Montrose which are chloral, monochlorobenzene, muriatic acid and ethyl chloride are produced in facilities situated on this property which is apart from that occupied by Stauffer plants. Inter-company activities, however, develop through Montrose's part-time need of administrative and clerical help as well as maintenance crew, use of certain common facilities and of mobile equipment, etc. Because of this joint use by the companies of certain equipment and personnel, a new charge pattern must be developed at intervals to keep the situation on an equitable basis.

As set forth on page 10 the Torrance operations do not present a problem because of the separate and distinct operations of Montrose and Stauffer. There was some previous difficulty due to modifications of a prior lease but the new lease has clearly defined the rentals and the responsibility for taxes. The matter of charges for joint services is relatively insignificant and is handled ably by the manager of the DDT plant and the head of the Stauffer research unit.

At the Los Angeles Wilshire Office, Montrose has several pieces of office equipment and two accountants are employed on a full time basis. The other office services in connection with sales, purchasing, billing, mail, etc., are handled by the same personnel for Stauffer and for Montrose and again it is necessary to have periodic review of the charges prevailing.

At San Francisco Office, several charges are prepared monthly since the activities of Employee Relations, Traffic and Payroll departments are coordinated and directed from that point for the West.

At Newark Office, charges have been rendered by Montrose of New Jersey on the same basis since 1953. A new charge pattern has now been prepared and could be adopted at this time prior to a trip to Newark with a visit to that office to take place later on -- the alternative would be to defer action until the visit.

As a result of the joint survey in this month of July 1957, we recommend the following:

1. At Henderson, handle the direct charges as shown on page 4 of this report. For the indirect or prorated charges, change the total from the present figure of \$4,415 to the new total of \$4,810.
2. At Torrance, no action is necessary since the new lease has clearly defined rentals as well as the matter of tax charges and the small prorated charges are adequately handled.
3. At Los Angeles Wilshire Office, handle direct charges as shown on page 11 and change the total of indirect or prorated charges from the present figure of \$1,674 to the new figure of \$1,399.

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1. Summary and Recommendations - Page 2

4. At San Francisco Office, commence a monthly charge plan as shown on page 13 of this report. The total is \$594.
5. At Newark Office, change the total of indirect or prorated charges from previous amount in effect since 1953 of \$550 to new amount of \$1,587.
6. Make the new charge plans effective July 1, 1957 to correspond with opening of new fiscal year of Montrose of California. In addition, we recommend at least a further brief review at the end of present calendar year with another full study a year from this time.

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## 2. Contracts and Letter Agreements

The original agreements with respect to Montrose Chemical Corporation of California in 1946, along with certain supplements, cover the general operation. In addition, over the years there have been DDT sales agreements, lease agreements for land at Henderson as well as for land and certain facilities at Torrance, and various letter agreements regarding products of the two companies.

As mentioned in previous reports, it is the opinion that both formal contracts and various letter agreements are carefully supervised by the various departments who have the responsibility. Accordingly, this report is confined to review of direct and indirect charges not covered by negotiated agreements.

With reference to management fees it is provided that the Montrose directors will periodically establish "special charges" in recognition of services rendered by top personnel. This subject is not within the scope of our report.

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### 3. Section Relating to Henderson

The relationships of Montrose and Nevada again fall into two categories, one concerns direct charges and the other with a group of indirect or prorated charges.

The direct charges are listed below:

1. Clothing Allowance — Paid directly to employees. The basis is \$.20 per shift per man, which is the current practice at Henderson.
2. Gas and Oil — Purchased for Montrose truck on Stauffer credit card.
3. Hydrogen — Based on cost of natural gas, if and when used.
4. Maintenance Materials — Directly purchased for Montrose and charged at the month end from vendors' invoices.
5. Meals — Computed by the working foreman. Each man is allowed \$1.50 for a meal if he works more than 2 hours overtime and an additional meal for each 4 hour-period worked beyond the first 2 hours of overtime.
6. Plant Payroll — There are 21 men paid by Stauffer who regularly and completely work at the Montrose plant. All payroll taxes and related insurance on these specific men are also charged to Montrose.
7. Power — Cost based on actual usage per separate meter readings. ~~Price is \$1.00 per kWh. Presently at \$0.01 per kWh.~~
8. Railroad Car and Truck Handling — As charged by Basic Management, Inc. invoice based on the number of loaded cars in and out of the plant. Trucks weighing @ 25¢ each beginning June 1, 1957.
9. Rental Land — \$60.00 per month as per lease dated October 1, 1956. The lease covers 5 parcels of land totaling 9.86 acres as described in the agreement. The lease runs to 1/14/62 with 3 renewal options for periods of 5 years each. Each option is to be exercised one year prior to expiration date of current period.



3. Section Relating to Henderson - Page 2

10. Steam -- Plant engineers reading. Billed at estimated monthly cost adjusted to actual in the month following.
11. Stores -- Charged at cost plus freight but with no provision for handling expenses. (See indirect charges section).
12. Telegraph -- Identifiable charges made to Montrose by our clerks from monthly bill.
13. Telephone -- Stadler pays all telephone bills, charging Montrose for identifiable items.
14. Telephone Exchange -- Based on number of phones actually in Montrose use.
15. Teletype -- Percentage billing by our clerks based on usage.
- ✓ 16. Travel -- Actual expenses of Montrose personnel.
17. Water -- Charged by Meter reading at B.N.I. price. ✓
18. Not used.
19. Engineering Salaries -- Based on hours spent on actual projects. (Construction in Progress -- Appropriations).
20. Fire Protection -- Nevada Engineering Department has computed the Montrose protected area as follows:

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## 3. Section Relating to Henderson - Page 3

	Sq. Ft.
<u>Montrose Main Plant</u>	
Includes loading area, sewer and acid loaders bldg.	41,100
<u>Benzene Storage Area</u>	
(Dyke 125' X 84' 3")	10,531
<u>Alcohol Storage</u>	
(Dyke area 58' X 64')	3,712
<u>HCl Storage</u>	
(52' X 50')	2,600
<u>PCB Storage Area</u>	
(Dyke area 110' X 110')	12,100
<u>Muriatic Acid Plant (Synthetic)</u>	
(21' X 23')	483
<u>Montrose Office Building</u>	
(12' 3" X 56' 6")	682
<u>Montrose Change House</u>	
(26' X 16')	416
<u>Montrose Stores in Stauffer Warehouse</u>	
(20' X 20')	400
<u>Montrose Stores in Old Office Building</u>	
15% of 3853	578
<u>PCB Storage at Mercuries</u>	
2 X 72' X 72'	10,368
<u>Warehouse at Mercuries</u>	
1/2 occupied by Montrose - 1/2 100' X 120	6,000
<b>Total Montrose</b>	<b>88,970</b>

Nevada received billings from B.M.I. at the current rate of \$4.35 per thousand square feet and is a decrease from \$4.50 shown in the 1956 report. This rate will vary from month to month depending on the charges as billed by B.M.I.

The protected area is defined as "land occupied by tanks or structures" -- vacant land is not included.

21. Sewage Disposal — Currently billed to Stauffer by B.M.I. based on number of employees on the project. Stauffer will rebill Montrose for its share based on the actual number of Montrose employees. ✓

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3. Section relating to Henderson - Page 4

22. Office Machine Maintenance -- monthly charge for upkeep of calculator and adding machine.
23. Direct Salaries and Wages -- These regular charges include payroll taxes. At present time there are 21 wage earners and 10 salaried employees in this category.
24. Group Insurance and Group Annuity -- Insurance and hospital are billed on basis of number of Montrose employees. Annuity charges are on basis of previous month direct labor ratio.
25. Outside Employee Training -- covers tuition refunds and management courses.
26. Montrose Laboratory Charge -- Nevell's letter of May 17th.
27. Cell Liquor -- as required.

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### 3. Section Relating to Henderson - Page 5

The tabulation below shows indirect charges as previously established and as recommended for the future.

	<u>Charges Proposed for July 1, 1957</u>	<u>Previous Charges Effective Feb. 1, 1956</u>
1) Administrative Charges	\$2,101	\$1,849
2) Automotive Expense	205	188
3) Donations	95	92
4) Employee Relations	X	49
5) Garbage & Refuse Removal	54	45
6) Postage	16	18
7) Equipment Usage	150	150
8) Warehouse & Stores Expense	1,063	760
9) Janitorial Service	195	164
10) General Works Expense	890	762
11) Office Facilities	41	51
12) Organic Laboratory Supplies	<u>XX</u>	<u>287</u>
	<u>\$4,810</u>	<u>\$4,415</u>

X This item will be handled periodically as a direct charge by the San Francisco office.

XX This item has been dropped since Monroese has set up their own laboratory.

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3. Section Relating to Henderson -- Page 6

For detailed analysis of these indirect charges, please refer to supporting schedule No. 1 at the close of this report.

It should be further emphasized that our recommendations herewith in connection with both the direct and indirect charges have been discussed with and have the approval of the Henderson plant administration.

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#### 4. Section Relating to Torrance

At the Technical DDT production plant at Torrance, California, Montrose has a lease covering 8.74 acres and on these premises are certain structures consisting of processing plant, several warehouses, a machine shop, pipe lines and other outside equipment, and an office building.

There is a Stauffer operation at Torrance on land apart from the property rented to Montrose but a distinct line is drawn between the two operations, the Stauffer activity being confined to research laboratory and pilot plant developments.

The only joint activities arise through use of common spur tracks, roadways, etc., and utilities. The charges are not significant and are worked out between the two managers at regular intervals without cause for concern.

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5. Section Relating to Los Angeles Wilshire Office

The direct charges at this location are as follows:

1. Plant Payroll -- The hourly rate payroll at Montrose, Torrance consisting of from 85 to 100 men is handled in the Los Angeles office and all charges for labor and employee benefits are cleared out each month directly to Montrose. The employees receive Stauffer payroll checks and are covered by the general Employee Benefit Plans.
2. Salaried Payroll -- There are 26 salaried employees consisting of administrative help, chemical laboratory technicians, clerical workers, all at Torrance, and 2 accountants at the Wilshire Office. All are classified as Stauffer employees and the charges for their salaries and company portion of employee benefits are charged from the Stauffer San Francisco Office on a monthly basis to Montrose. Also, there are 8 Montrose salaried employees at Henderson that are paid from San Francisco.

The indirect or prorated charges have again been examined as they relate to each department. A summary of the recommended charges for the future is set forth below:

	Survey July 1957	Effective February 1, 1956 Based on Survey January 1956
Payroll Charges:		
1. Purchasing	\$ 185	\$ 185
2. General Office & Accounting	<u>868</u>	<u>995</u>
Sub-total	1,053	1,180
3. Payroll taxes and insurance	116	131
4. Office rent	155	155
5. Miscellaneous	<u>75</u>	<u>75</u>
	<u>\$1,399</u>	<u>\$1,541</u>

The above recommended charge pattern has been discussed with the various Stauffer departments involved and has their approval. Detailed analysis of the individual charges is set forth in schedule 2 beginning on page 22.

6. Section Relating to San Francisco Office  
**RECOMMENDED ALLOCATION PLAN --**  
**CHARGES FROM SAN FRANCISCO OFFICE BY**  
**STAUFFER CHEMICAL COMPANY TO MONTROSE**

**1. EMPLOYEE RELATIONS DEPARTMENT**

Labor Relations - Safety Procedures - Employee  
Welfare and Improvement Programs --

- a. Total Employees Western Division 6/30/57      1,756  
(Excludes West end and Consolidated  
Chemical Divisions)
- b. Total Montrose Employees (Torrance - 115;      144  
Henderson - 29)  
Montrose Employees - 8.2% of total
- c. Proposed monthly charge to Montrose Chemical  
Corporation of California based upon actual  
average monthly charges to Employee Relations  
Department budget for the first half of 1957, as  
follows:

Salaries (Duker, Jenican, Fox-71% and Secretaries)	$\$2,900 \times .08 = \$232$
Payroll taxes and benefits - 11% of salaries	$319 \times .08 = 25$
Travel expenses (Duker, Jenican, Fox)	$480 \times .08 = 39$
Service publications (BNA, Labor Law Journal, AMA, etc.)	$35 \times .08 = 3$
Office Overhead (Rent \$70; Switchboard \$70; Supplies \$29; Depreciation \$107)	$276 \times .08 = \underline{22}$
Charge to Montrose	\$320



2. ACCOUNTING DEPARTMENT - PAYROLL SECTION

Salaried Employees paid from S. F.	608
Montrose Salaried Employees	38
Ratio	6%
Average Monthly Budget Charge re First Half of 1957 is	1654 x 6% or
Charge to Montrose	\$ 99

3. TRAFFIC DEPARTMENT

Average Monthly Budget Charge re First Half of 1957 is	2190
D. Clegg proportion figured at	8% or
Charge to Montrose	<u>\$175</u>
Total Allocated Charges	<u>\$594</u>

The above three departments' charges were combined on the previous report under "Los Angeles Office." For comparative purposes we show a brief recapitulation below:

	<u>New Proposal July 1957</u>	<u>Previous Charges Beginning Feb. 1, 1956</u>
Employee Relations Department	\$ 320	\$ 133
Accounting Dept. - Payroll Section	99	77
Traffic Department	<u>175</u>	<u>154</u>
Total	<u>\$594</u>	<u>\$ 364</u>

7. Section Relating to Newark Office

TO: Samuel Rotrosen

DATE: July 22, 1957

FROM: Louis Russo

RE: Allocation of Newark Office and Overhead Charges  
to Montrose-California

We have reviewed the monthly charge to Montrose-California for Newark office and overhead which was based on overhead costs for the period July 1-June 30, 1953. On the basis of the monthly average expenses for the six-month-period ended May 31, 1957, we have computed a new monthly charge as follows:

<u>Item</u>	<u>Monthly Average Expenses</u>	<u>Percentage Allocable to California</u>	<u>California Share of Expenses</u>	<u>Prev. Allocation of Expenses in Effect Since 1/1/57</u>
Office Salaries	\$1,417 700	35% 70%	\$ 496 490	\$ 186.00
Telephone	342	10%	34	28.88
Postage & Misc. Supplies	216	5%	11	7.39
Laboratory Salaries	\$,298	8%	424	260.40
Laboratory Expenses	773	8%	62	67.98
Payroll Taxes, W.C. etc.	-----	-----	70	0
(5% of allocated salaries)			-----	-----
TOTAL			\$1,987	\$ 550.65

The telephone and telegraph charges listed are exclusive of toll calls which are charged separately and similarly the laboratory salaries and expenses are exclusive of costs for special projects.

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**RECOMMENDED ALLOCATION PLAN FOR VARIOUS CHARGES  
BY STAFFER OF MEMPHIS TO MEMPHIS TO SUPERSEDE  
PRESENT PLAN WHICH HAS BEEN IN EFFECT SINCE 2/1/56**

**1. Salaried Payroll**Administrative

Bevell  
Schreck  
Edwards

- 5%  
- 5%  
- 15%

Maintenance

Jeffrey  
Miller  
Lloyd  
Doe Cordwell  
Gartner  
Leon

- 10%  
- 10%  
- 15%  
- 17%  
- 10%  
- 10%

Accounting

Huber

- 5%

Personnel

McNeil

- 16%

Charges for Supervisory and General Personnel \$ 823 .

Traffic

Green  
Hardy  
Roney

- 33%  
- 33%  
- 33%

Timekeeping & Payroll

McMillan  
Cole

- 10%  
- 23%

Accounting

Littler  
Williams  
Dalaney

- 8%  
- 15%  
- 15%

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1. Salaried Payroll: (Continued)Steno-Mail-Teletype-Ditto Processing-Multilith

McCar	-	9%
Graham	-	19%
MacDonald	-	9%
Wilson	-	19%

Maintenance Clerical (Work Orders)

M. Sanchez, Jr.	-	24%
Nicholson	-	24%

Personnel

Bigelow	-	16%
Lutz	-	24%

Production Records ✓

R. Sanchez, Sr.	-	6%
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Messenger Service ✓

Carter	-	10%
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Charges for Office and Clerical Personnel

1,070

\$ 1,893

11% for payroll taxes, various insurance costs, etc.  
(an agreed percentage also used for Los Angeles)

208

\$ 2,101

2) AUTOMOBILE EXPENSE

Stauffer-Nevada Auto Expense is comprised of the following items:

- 1) Rental paid for cars and trucks leased from California Rent Car.
- 2) Maintenance and depreciation of Stauffer-owned car and trucks.
- 3) Gasoline, oil, lubrication and tire repairs for both items (1) and (2).

Charges from our books for the 12 months period, January 1, 1956 to December 31, 1956, are as follows:

a) Rental	\$ 9,215.
b) Gasoline & Oil & Repairs	10,099.
c) Depreciation	2,325.
	<u>\$21,649 X 2/3 = \$14,447.</u>

(2/3 = 8 out of 12 vehicles used)  
 $14,447 \div 12 = \$1,204$  per mo.  $\times 17\% = \$205$  per month.

Montrose Charge based on dollar value ratio of Montrose Payrolls to total payrolls.

Charges to Montrose \$205.00

3) DONATIONS & EMPLOYEE ACTIVITY

Federated Employers of Nevada	\$645.
Golden Gloves Committee	50.
Nevada Taxpayers Association	250.
Southern Nevada Concert Association	30.
Henderson Chamber of Commerce	100.
Las Vegas Police Protective Ass'n.	63.
Men's Bowling League (March)	175.
Chamber of Commerce - J. F. Orr	15.
Nite of Fun - City of Hope	75.
Men's Softball Team	225.
Rose de Lima (Cancer Clinic)	50.
Men's Bowling - (October)	175.
Henderson Fire Department	25.
Executive Secretaries, Inc.	42.
Nevada Detective Service	600.
Nevada Industrial Council	75.
Nevada Peace Officers Association	100.
B.N.I. Sign Expenses	546.
Clark County Business License	400.
Christmas Party	496.

CONTRIBUTIONS

March of Dimes	25.
American Red Cross	300.
Boy Scouts of America	250.
American Cancer Society	50.
University of Nevada Regents	2,000.
Community Chest	350.
Nevada Tuberculosis Association	10.

\$7,122.

Average 1 mo. = \$594

Based on ratio of Montrose Employees to Total

$\$594 \times 28\% = \$165.00$

Charge to Montrose

\$165.00

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4) EMPLOYEE RELATIONS

A detailed direct charge will be made periodically from San Francisco as required to cover activities of the department.

5) REMOVAL OF REFUSE, GARBAGE AND WASTE

6 months - 1957 cost - \$1,912

Average Cost per month - \$319

Basis - Dollar Value Ratio Payrolls

$\$319 \times 17\% = \$54.00$  Montrose Share

Charge to Montrose \$ 54.00

6) POSTAGE

6 months total Postage cost - \$812.00

Average Cost per month - \$135.00

Based on study of outgoing mail.

12% of \$135.00 = \$16.00

Charge to Montrose \$ 16.00

⑦ EQUIPMENT USAGE

This item discussed by Messrs. Newell, Cummings, Rotrosen, Wurzer and Schreck and it was concluded that the method of computing this cost be the same as outlined or agreed upon by Dr. Rothberg and Mr. John Stauffer in 1953.

Basis -- 1953 valuation of \$50,000 is being depreciated over 5 years - \$10,000 per year. Montrose share per year is 15% of \$10,000 or \$125.00 per month. Additional \$25 per month added to cover Montrose share of depreciation on new equipment added since 1953.

Charge to Montrose \$150.00

00-010037-7-07

WAREHOUSING EXPENSE AND STORESKEEPING

1/2 YEAR

Total Stores Withdrawals from Stauffer Stores \$115,293.

Total Stores Withdrawals from Montrose Stores 19,846.

Total Stores Withdrawals \$135,139.

Total Stores Withdrawals by Montrose:

From Stauffer Stores \$ 17,749.

From Montrose Stores 19,846.

\$ 37,595.

% Ratio Montrose to Total 28%

Detail: (Based on 6 months 1957 Expense)

Plant Payroll \$ 4,609

Labor - Maintenance 1,577

Stores - Salaries 12,823

\$ 19,009.

Stores Operating Supplies \$1,192.

Stores Maint. Supplies 909.

2,101.

\$ 21,120.

Average Monthly Expense \$3,518.

Taxes 278.

Total \$3,796.

Percent Ratio Montrose to Total

28% X \$3,796. = \$1,063. per month

Charge to Montrose \$1,063.00

9) JANITORIAL SERVICE

Average of 4 hours per day for 6 days a week

\$2,340. = \$195. per month

Charge to Montrose \$ 195.00

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10) GENERAL WORKS

Consists of General Yard and Road Maintenance, services of four Plant Protection Employees (Watchmen), Maintenance of all common water, and sewer lines and all General Shop Work not directly allocable to operating departments.

Maintenance Labor	\$23,119
Maintenance Material	<u>10,285</u>
	\$33,404

6 Months 1957 Safety Exp.	<u>3,468</u>
	\$41,872

Less exclusively Stauffer	
\$41,872 X 25% =	<u>10,468</u>
	\$31,404

Average common facility charge	\$ 5,234
Montrose share @ 17%	890

Charge to Montrose \$ 890.0011) STAUFFER OFFICE FACILITIES

Determined on a square foot basis of common Office space consisting of utilities and Janitorial Services only @ 5¢ per square foot.

Common office space - 3,960 sq. ft. @ 5¢ per sq. ft.	\$198.00
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17% of \$198.00	\$33.66
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Additional H. C. Stauffer's office -  
156 sq. ft. @ 5¢ per sq. ft.

	<u>7.80</u>
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	\$41.46 = chg.
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*(will change if move  
into Stauffer's office.)*

Charge to Montrose \$ 41.00



Schedule 1-7

**CALCULATIONS - JUNE 30, 1957 - FOR BUREAU  
CONSIDERATION AS 1957 OVERHEAD  
CHARGE**

**Calculations:**

Total Montrose Labor	128,449	} Labor Value Ratio
Montrose & Stauffer	744,057	
		= 17%

Montrose: Salary	10	} No. of Employees Ratio
Operations	21	
Maintenance	15	
	<u>46</u>	
Total Employees	280	= 16%

**Calculations - Payroll Taxes & Benefits Overhead Charges  
Montrose & Stauffer combined (6 months)**

Group Insurance and Annuity	\$38,353
Payroll Taxes	<u>42,446</u>
	\$80,799

$80,799 \div 744,057 = 11\%$

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33-0102453

	<u>PER CENT</u>	<u>AMOUNT</u>
2. General Office & Accounting - (Continued)		
PBX Operator - G. Hines	10.0	\$ 36.00
Estimate by Mr. Hunter		<u>          </u>
Total General Office & Accounting		\$ <u>868</u>
Total Payroll Charges		\$1,053
3. 11% for payroll taxes, various insurance costs, etc. (An agreed percentage also used for Nevada.)		116
4. Office Rent - Percentage of monthly rental based on estimated area used.		155
5. Miscellaneous -		
Estimated amount to cover depreciation on office machines, accounting, stationery, local telephone calls, etc.		<u>75</u>
Total Allocated Charges		<u>\$1,399</u>

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